

A Tale of Two Blacklists

The uproar in major sectors of the American press upon the revelation of the Arab boycott of U.S. firms doing business with Israel did not include a line about its infamous and savage ancestor: FDR's proscription of 1,800 firms in Latin America doing business with Germany and Italy in 1941.

BY JAMES J. MARTIN

ON THURSDAY, February 27, 1975 the newspapers carried four separate stories concerning various aspects of the economic side of the Arab-Israeli war. One dealt with an Arab boycott of certain specific Jewish-owned banks in Europe. A second related a protest from a prominent Zionist organization, the Anti-Defamation League, that several companies and federal governmental bodies were violating U.S. anti-discrimination laws in order to curry favor with Arab countries. The third involved a promise to investigate whether members of the National Association of Securities Dealers were under pressure to break off business with Arab-blacklisted companies. But the fourth and most sensational of all involved this Arab blacklist itself, copies of which were distributed and generally made public at the opening of hearings by the Senate Multi-National Corporation Sub-Committee on February 26.

The heated and almost immediate denunciation by persons in high places, of these various suspected or actual Arab actions, had the characteristic of a spinal cord reaction. President Ford flared, "Such discrimination is totally contrary to the American tradition and repugnant to American principles."

Seymour Grabard, national chairman of the ADL, also responded testily to the allegations of discrimination against Jews in operations of American companies and some military operations in Arab lands.

Gordon S. Macklin, president of the NASD, assailed Arab blacklisting of American securities dealers doing business with Israel, concluding that "a boycott of this nature could be considered to be a violation of just and equitable principles of trade."

And Senator Frank Church (Dem., Idaho), chairman of the Senate subcommittee and the actual publicizer of the Arab blacklist, alleged that the Arabs, by their economic sanctions, were trying to "impose a pattern of anti-Semitism on our business life."

The nation's major newspaper editors raced one another in a panicked stumble to see who could be first to announce his unqualified support of these flaming critiques, especially that of the President. Lengthy and earnest support was forthcoming in the key papers across the land the very next day. There was one interesting revelation accompanying all this in the piece by Oswald Johnson in the *Washington Star*, which story was also carried on the front page of the *Chicago Tribune*. Johnson pointed out that Ford's statement was not of his own construction, but had been "drafted jointly at the highest levels of the State and Treasury Departments, bearing the personal *imprimatur* of Henry A. Kissinger and William E. Simon." Johnson added that Secretary of Defense James R. Schlesinger, "without waiting for Ford's directive, already had instructed all U.S. military commanders to insure no such discrimination exists in their units."

Press Agrees with the Establishment

The *Wall Street Journal*, which published all four stories on February 27, expanded at length editorially the next day. Their commentary, "The Enemies List," was the epitome of U.S. press views on the subject. "President Ford was right on the mark this week when he promised full investigation of and appropriate legal action against any foreign attempts to promote discrimination in U.S. business," the editors righteously intoned; "The Arab countries have a sovereign right not to trade with Israel, but they have no call to ask American business to imitate their own corrosive attitudes."

The St. Louis *Post-Dispatch* also front-paged the blacklist story, accenting the local firms involved. Its editorial the following day, "The Blacklist," sounded like most others, though it pointed out that an Arab Boycott Office had been in existence since 1948, and that maybe the story was not quite all that newsworthy.

The *Tribune's* editorial on February 28 also radiated indignation, confident that the blacklist was evidence that made it "more important than ever to reduce our dependence on oil imported from Arab states."

The Los Angeles *Times* was the only major paper examined which made the boycott story its main front page feature, and it also ran the longest editorial follow-up. It also quoted vigorous testimonials supporting Ford from Senators Jacob Javits (R., N.Y.) and Clifford P. Case (R., N.J.), both of whom complained fretfully of the violations of the civil rights of the individuals and firms boycotted. The L.A. *Times* also published the entire list of the 1500 blacklisted, virtually the only paper in the country to do so. Their editorial was the most abusive of all, castigating the blacklist as "absurd and puerile," and "contemptible and wrong."

Denver's *Rocky Mountain News* front-paged the story with a picture of Church displaying the cover of the boycott list; Church had personally handed out copies of the document, which had been supplied

to him by Harold H. Saunders, Deputy Assistant Secretary of State. Some editors had tried to make hay at the expense of the Arabs by alleging a religious or ethnic issue, to which the *RMN*, to its credit, vigorously objected, especially in the case of Church's remarks. The *RMN* ripped the Church on the "anti-Semitism" charge, insisting that he should have said "anti-Jewish," or "anti-Zionist, if he wants to be even more precise and describe the conflict for what it is—a war of economic and territorial imperatives with religious overtones." (None of the editions of the *Denver Post* examined by this writer carried anything about the incitatory blacklist story.)

What About American Blacklists?

In all of this incendiary moralizing by the major daily press, not a word was uttered concerning an earlier and much more ferocious blacklist proclamation, and which might have been the inspiration for that of the Arab Boycott Office. This was the one which was front-page headlined by the *New York Times* on July 18, 1941, "President Orders Trading Blacklist for Latin America," and elaborated upon by its special correspondent, John H. Crider:

"President Roosevelt issued a proclamation today making official a list of 1,800 Latin American firms and individuals believed to be acting in the interest of Germany and Italy. The list, containing the names of many internationally known firms, was made public. The proclamation... contained as its most potent provision an extension to all the blacklisted entities of the President's order of June 14, freezing the assets of any Continental European nation, or national thereof, situated in the United States."

This sensational account of comprehensive and aggravated interference in the commerce and business of 20 Western Hemisphere countries and all of Continental Europe went on to reveal that

"The blacklist, described as containing more names than the British Statutory Blacklist for the same area, is the product of months of investigation by diplomatic, commercial and other agents of the United

States, clearing through the office of Nelson Rockefeller, Coordinator of Commercial and Cultural Relations between the American Republics."

We have at this point the culmination of several different developments. The war in Europe was almost two years in duration by now, and its extension involving Germany and Stalinist Russia less than a month. But the U.S. was still not a formal belligerent, nor was it to be for almost five months more. Hence this Rooseveltian proscription, explained by him as "in the interest of national defense," was really a massive contribution to the economic warfare of Britain against its German and Italian enemies. Of course, "the best and the brightest" of America's Anglo- and Francophiles had been salivating to get into the war since it began in September, 1939 and their preparation for participation had been made long before that.

The spreading of the war by economic means to Latin America in 1941 was another and very signal action in the step-by-step edging into hostilities on the part of Roosevelt's War Deal, one which made a neutral or unbelligerent status increasingly difficult, if not by now virtually impossible. More will be developed on this part of the story. But let us get on to another theme involved in the blacklist saga.

Blacklist Was Widely Publicized

This blacklist was published in full in the *N.Y. Times* (July 18, 1941, pp. 28-29), and it filled almost 16 full columns, set in tiny agate type. It was also published in the *Federal Register* and was further made available in pamphlet form through the Federal Reserve Banks and via other government agencies. The official designation was "The Proclaimed List of Certain Blocked Nationals," and was issued as Executive Order No. 8389. (The malicious zeal of the compilers was disclosed when it was shown that the British blacklist covering the entire world was just a little longer than this U.S. list applying only to Latin America.) It was published over the signatures of Roosevelt and the Acting Secre-

tary of State, Sumner Welles. [Welles was a diplomat to Latin America extolled by the U.S. establishment as a model of restraint, moderation and propriety, but many Latin Americans connected his visits there with subsequent dynamitings, machine gun fire and freshly filled cemeteries, as Carleton Beals related in his book, *The Coming Struggle for Latin America* (Philadelphia: Lippincott, 1938).]

And it was in this Executive Order No. 8389 that the heretofore little-publicized agency headed by Nelson Rockefeller was identified as the key liaison instrument in the eventual compilation of the blacklist. Actually the blacklist was a hoary caper long utilized especially by the British, and which probably reached recognizable form as early as the Napoleonic wars, though used under one guise or another as a matter of course in Britain's continuous balance-of-power wars with one or another land on the European continent. The one Britain employed in World War I and its consequences upon the U.S. in the first 2½ years of that contest, prior to American belligerency, is amply laid out by Charles C. Tansill in his *America Goes to War* (Boston: Little, Brown, 1938).

Perhaps we might learn more by examining Rockefeller's meteoric ascension as an influential underling of FDR, which began exactly eleven months before the promulgation of the Latin American blacklist. Buried on page 6 of the *New York Times* for August 17, 1940 was the news that young Rockefeller (he was in his 33rd year; the *Times* erred in describing him as 30 years old) had just been appointed by Roosevelt to be coordinator of commercial and cultural relations between the American republics for the Council of National Defense, a State Department adjunct. His technical job title was Chairman of the Inter-Departmental Committee on Inter-American Affairs. FDR appointed him a few minutes after signing an executive order creating the office. He was not to draw a salary, but would be entitled to allowances for "subsistence, transportation and expenses in traveling in connection with his post." It

was further reported that Rockefeller had resigned as president of Rockefeller Center as well as directorships in "several South American enterprises." Though deeply involved in South American business ventures, only one, the Creole Petroleum Co. of Venezuela, a subsidiary of Standard Oil of New Jersey, was specifically mentioned.

Rockefeller Ties Down His Control

This was just one of three jobs Rockefeller was to essay upon in 1940. Buried even more deeply in the *Times*, page 23 of that for October 18, was news that he had been appointed Chairman of the Inter-American Development Commission by Secretary of Commerce Jesse Jones. And on November 7, 1940 a *Times* story described what sounded like a still different assignment. "An organization has been virtually completed for spending more than \$3,000,000 from the President's special defense fund for cultural work in Latin America to offset Nazi propaganda there," it led off, and ending, "The press, radio and motion picture will be utilized in the campaign to create a better understanding between the United States and Latin America, under the direction of Nelson A. Rockefeller, one of the President's six administrative assistants." The scope of these posts, both as to geography and variety of activities, was obviously formidable.

The complex of Rockefeller-led organizations was the outstanding manifestation of the "Good Neighbor Policy" which the War Deal was to trumpet to the world so long and so loud that even one of its historical mouthpieces, Samuel F. Bemis, tired of it and suggested that it had been pushed to the level of a fad or craze. The important task was turning around Latin America's traditional economic trade pattern with Europe, to supplement the British attempt at economic strangling of the Continent, and ultimately bringing about the defeat of their Italo-German enemy of the moment. Since this could not be achieved by purely economic processes, the U.S. needing far fewer of Latin

America's products than did Europe, the device of the political blacklist was an inescapable "ultimate weapon" in realizing the desired goal.

Commercial Spying Organization

Meanwhile, what was portrayed to the general public as a genial device for facilitating the exchange of poets, painters and guitar players became a redoubtable front for an elaborate program of financial, industrial and commercial espionage throughout the rest of the Western Hemisphere. Its effectiveness was embalmed in the language of FDR's Executive Order No. 8389. And it apparently was concluded successfully in just a few months, not 25 years, as in the case of the Arab blacklist, and in 20 countries, not just in one. [*Newsweek's* summary of the blacklist proceedings on July 28, 1941 agreed with the *Times* and *Time* magazine that it was "the result of months of investigation by diplomatic and consular officials in co-operation with the Nelson Rockefeller office for coordination between the Americas" (p. 39).]

In proclaiming the blacklist, Roosevelt invoked the Trading With the Enemy Act of October 6, 1917 as the principal support for the authority for his action. It was to apply only to German and Italian nationals, and the final section provided for future augmentation. U.S. exporters claimed that a far longer list existed. Substance was provided for their position when *Time* magazine exulted that Assistant Secretary of State Dean Acheson and Rockefeller were watching an additional 2,000 firms "suspected" of "pro-Axis leanings." And the *Times* in another front page story, on July 19, 1941, by Bertram D. Hulen featured an announcement by Acheson to the effect that the blacklist would be extended to the rest of the world.

It was an instructive insight into the Administration's maneuverings. While declaiming to the country that its intentions were pacific and that its actions were directed only toward "national defense," a global campaign of economic warfare

against nationals of two countries with which we were not at war, living in neutral countries, was precipitated under the canopy of an act of Congress almost 25 years old and intended to apply to a time that far back, when the U.S. was actually in a state of war.

U.S. Exporters and Importers Comply

The tame capitulation of most American exporters and importers to the stipulations of Executive Order No. 8389 was expectable in these propaganda-dominated times. Only a peep of protest occurred over this revolutionary policy.

For those who had the temerity to persist in trading with a blacklisted firm without submitting to a ponderous burden of red tape and a wondrous maze of licensing flypaper, government attorneys were of the opinion that such bold souls would be subject to prosecution, and likely to be subject upon conviction to imprisonment for ten years and a \$10,000 fine.

At the time Roosevelt dipped into his "defense" slush fund for more than \$3 million in November, 1940 to buttress a continent-wide propaganda assault on German influence in Latin America, with Rockefeller at the helm, War Deal officials quoted by the *Times* had promised that "this government plans to meet German competition on every front." But one front on which this did not occur was the economic, down to the blacklist moment. One remarkable leak in confirmation of this was allowed by *Time* magazine at the time its typewriter warriors were smacking their lips over the FDR boycott in the issue of July 28, 1941.

While rejoicing that "total economic war" had become open policy, with the possibility now that the entire Latin American economy might soon be tightly mobilized and harnessed behind Britain, it did make a very faint effort to learn what Latin Americans thought of this incredible interference in their internal affairs. In the course of a superficial comment on Argentine opinion it let drop casually, "In Buenos Aires, annoyed and puzzled busi-

nessmen chiefly feared a rise in prices, since German firms usually underquote U.S. by 50%." (Italics supplied.) This was one of the most revealing tidbits of real economic information published in the U.S. press during the entire duration of World War II.

If there had been popular exposure to a generous volume of such facts and far less delirious rhetoric about the alleged beastly qualities of the enemy, there would have been a far better understanding of what the war was all about.

Economic Warfare Justified

Additional evidence of the fierce resentment toward German competition shone in James B. Reston's two-column *Times* story on Sunday, July 20, 1941, headed "We Press War on Axis in All Latin America," a hyperthyroid dissertation graced with a photograph of a smiling Nelson Rockefeller. Reston confirmed that "The State Department and the Rockefeller Committee have had this blacklist for months," while giving vent to turgid predictions that if the boycott had not been invoked, all Latin America would have become a German economic colony and resulted in the "nazifying of the whole of the Southern Continent," an incredible admission of economic incompetence and impotence.

Reston had no other reason to advance in support of this policy. He admitted that the U.S. did not constitute "an adequate market" for Latin America's raw materials and other exports, that the U.S. could take only a fraction of the output of this vast region of the globe dependent upon exports for about 40% of their total product, while granting that Europe did produce "the manufactured goods South America needs." Reston further acknowledged that "the Germans have proved themselves efficient and successful businessmen and have entrenched themselves with Latin American companies," which Roosevelt's "drastic" action simply recog-

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